

Ameren Ex. 7.0

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DIRECT TESTIMONY ON REOPENING

OF

MARK EACRET

Docket Nos. 00-0259, 00-0395 and 00-0461 (consol.)

Ameren

00-0359/0395/0461

7.0

Dec 3/27/04

Q&A

Q. Please state your name.

A. Mark Eacret.

Q. Are you the same Mark Eacret who submitted testimony on behalf of the Ameren Companies in the initial phase of this proceeding?

A. Yes, I am.

Q. What is the purpose of your direct testimony on reopening.

A. The purpose of my direct testimony is to comment on the optionality and Bloomberg/Altrade issues on reopening.

Q. What are your comments regarding optionality?

A. Ameren agrees in principle with the concept of including a load-uncertainty adder in market values. That being said I would raise three points. First, for a variety of reasons and as has been noted by several parties to this proceeding, none of the methods for calculating an optionality adjustment proposed thus far is satisfactory. Second, it is not clear that in a competitive environment market prices will support the full recovery of such an adjustment. As this proceeding has demonstrated, there are a wide variety of opinions amongst the market participants in the state of Illinois regarding what that adjustment should be. It would be difficult to demonstrate that any one theoretical method of calculating the adjustment truly represented its realizable "market" value. Third, we do not

24 believe that its relatively minor impact merits the level of attention that it has  
25 received or is receiving.

26 Q. Does Ameren employ an optionality model?

27 A. Yes, we do use an optionality model, which is highly proprietary and which we  
28 developed ourselves at great expense and effort. We are currently reviewing data  
29 requests we have received from the Staff to determine the extent to which, and to  
30 whom, it is appropriate to reveal our optionality model. Ameren would object to  
31 any effort to make the Ameren optionality model public or to use that model in a  
32 public MVI tariff, since that would have the effect of revealing Ameren's  
33 proprietary pricing techniques.

34 Q. Is it inconsistent for Ameren to assert that optionality would have no great pricing  
35 impact, but also seek to protect Ameren's proprietary model from disclosure?

36 A. No, it is not. In a competitive market, it is not unreasonable for Ameren to protect  
37 the methods that it uses to evaluate the exposure created by proposed transactions.  
38 This is especially true when there are publicly available models to use as a basis  
39 for discussion.

40 Q. What are Ameren's views regarding the Bloomberg/Altrade issue?

41 A. IIEC has expressed concern regarding reliance on Bloomberg and Altrade because  
42 last fall Bloomberg announced that it would no longer report Into ComEd trades.  
43 Ameren has proposed the use of Into Cinergy, and, accordingly, Ameren's  
44 proposal is unaffected by the disappearance of Into ComEd transactions from  
45 Bloomberg reports. However, this development demonstrates the dynamic nature  
46 of the current power trading environment and Ameren would not object to any

47 affirmation by the Commission that Ameren may use wide-ranging data sources  
48 under its MVI tariffs.

49 Q. Does this conclude your direct testimony on reopening?

50 A. Yes, it does.